

143A.025 Natural gas severance incentives.

- (1) As used in this section:
 - (a) "Alternative fuel facility" has the same meaning as in KRS 154.27-010;
 - (b) "Approved company" has the same meaning as in KRS 154.27-010;
 - (c) "Authority" has the same meaning as in KRS 154.27-010;
 - (d) "Base amount" has the same meaning as in KRS 154.27-010;
 - (e) "Capital investment" has the same meaning as in KRS 154.27-010;
 - (f) "Eligible project" has the same meaning as in KRS 154.27-010; and
 - (g) "Tax incentive agreement" has the same meaning as in KRS 154.27-010.
- (2) Notwithstanding any other provision of KRS 134.580 or this chapter, an approved company that purchases or severs natural gas or natural gas liquids that is subject to the tax imposed under KRS 143A.020 and that is specifically used by the approved company as feedstock for an alternative fuel facility described in KRS 154.27-020(4)(d) may be eligible for an incentive under KRS 154.27-060.
- (3) A company approved for incentives under KRS 154.27-060 shall file a request for the incentive with the department within sixty (60) days of the completion of the construction, retrofit, or upgrade of the facility. In subsequent years, the approved company shall file a request for the incentive within sixty (60) days following the end of each calendar year. The request for incentives shall be in the form prescribed by the department through the promulgation of administrative regulations in accordance with KRS Chapter 13A. The request for incentives shall include but not be limited to the following information:
 - (a) Verification of the base amount;
 - (b) Verification of the thousand (1,000) cubic foot units (Mcf) of natural gas or gallons of natural gas liquids purchased and used or severed and used by the approved company as feedstock for an alternative fuel facility during the calendar year for which the request for incentives is being made;
 - (c) Verification that the minimum capital investment as set forth in the tax incentive agreement has been made;
 - (d) Verification of the output of natural-gas-derived or natural gas liquids-derived alternative transportation fuel; and
 - (e) Any other information that the department may require.
- (4)
 - (a) The department and the authority shall review the request for incentives jointly and shall verify that the request for incentives meets all requirements established by statute and administrative regulation.
 - (b) The department shall verify the tax paid pursuant to KRS 143A.020 on the natural gas and natural gas liquids purchased or severed by the approved company and used as feedstock for an alternative fuel facility during the calendar year for which the application was submitted and shall determine the amount of the tax paid that qualifies for distribution to the approved company pursuant to this section.

- (c) The incentive amount shall be distributed to the approved company in quarterly installments beginning on July 1 of the year following the calendar year for which the request for incentives required under this section was submitted.
- (6) The approved company seeking incentives shall execute information-sharing agreements prescribed by the department with vendors from which it purchased natural gas and natural gas liquids to verify the value of natural gas and natural gas liquids purchased by the approved company and used as feedstock for an alternative fuel facility and the amount of tax paid under KRS 143A.020 on such natural gas and natural gas liquids.
- (7) The department shall notify the authority of the incentive distributed to each approved company upon request.

Effective: July 15, 2010

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